

NOTICE TO THE LENDER

All required repairs must be completed in a professional manner, in compliance with HUD's guidelines and satisfied prior to closing. The lender is responsible for coordinating repairs. A professionally licensed, bonded, registered engineer, licensed home inspector or appropriately registered/licensed trades person, as applicable, must provide documentation that all deficiencies have been acceptably corrected upon completion of repairs.

SITE CONSIDERATIONS

VC-1 SITE HAZARDS AND NUISANCES

Check the appropriate response for *readily observable* evidence of hazards. Hazards, as defined below, are conditions that endanger the health and safety of the occupants and/or the marketability of the property. Use these criteria to determine the extent of the hazard. Please refer to HUD Handbook 4150.2 Section 2-2 for unacceptable locations and the protocol in Appendix D of the Handbook for further guidance. If the required component is not visible during the site visit, provide a detailed comment.

Provide a description of yes responses on Page 4:

- a. Surface evidence of subsidence/sink holes
() yes
- b. Operating oil or gas wells within 300 feet of existing construction
() yes
- c. Operating oil or gas wells within 75 feet of new construction
() yes
- d. Abandoned oil or gas well within 10 feet of new/existing
() yes
- e. Readily observable evidence of slush pits
() yes
- f. Excessive noise or hazard from heavy traffic area
() yes
- g. New/proposed construction in airport clear zone
() yes
- h. High-pressure gas or petroleum lines within 10 feet of property
() yes
- i. Overhead high voltage transmission lines within engineering (designed) fall distance
() yes
- j. Excessive hazard from smoke, fumes, offensive noises or odors
() yes
- k. New/proposed construction in Special Flood Hazard Areas without LOMA or LOMR
() yes
- l. Stationary storage tanks with more than 1000 gallons of flammable or explosive material.
() yes

PROPERTY CONSIDERATIONS

Mark "YES" for any *readily observable* deficiency noted below. Each "YES" constitutes a limiting condition on the appraisal. Each condition requires repair or further inspection. These conditions must be satisfied prior to closing for the mortgage to be eligible for FHA mortgage insurance. Please refer to HUD Handbook 4150.2, Section 3-6 for guidance on HUD's General Acceptability Criteria. Also, refer to the protocol in Appendix D of the Handbook for repair and inspection requirement parameters.

VC-2 SOIL CONTAMINATION

Check the appropriate response for evidence of environmental contamination

Provide a description of yes responses on Page 4:

- a. On-site septic shows observable evidence of system failure
() yes () no
- b. Surface evidence of an Underground Storage Tank (UST)
() yes () no
- c. Proximity to dumps, landfills, industrial sites or other locations that could contain hazardous materials
() yes () no
- d. Presence of pools of liquid, pits, ponds, lagoons, stressed vegetation, stained soils or pavement, drums or odors
() yes () no

VC-3 GRADING AND DRAINAGE

Check the appropriate response for evidence of topographical problems.

Provide a description of yes responses on Page 4:

- a. Grading does not provide positive drainage from structure
() yes () no
- b. Standing water proximate to structure
() yes () no

VC-4 WELL, INDIVIDUAL WATER SUPPLY AND SEPTIC

Check the appropriate response with regard to individual wells and septic system.

Provide a description of yes responses on Page 4:

- a. Property lacks connection to public water*
() yes () no
- b. Property lacks connection to a public/community sewer system
() yes () no

*Lender will require water testing for "yes" response.

NOTE: Connection should be made to public or community water/sewage disposal system. Estimate distance to sewer or water hook-up and whether hook-up is practical.

VC-5 WOOD DESTROYING INSECTS

Check the appropriate response for evidence of wood infestation

Provide a description of yes responses on Page 4:

- a. Structure and accessory buildings are ground level and/or wood is touching ground
() yes () no
- b. The house and/or other structures within the legal boundaries of the property show obvious evidence of active termite infestation
() yes () no

VC-6 Private Road Access And Maintenance

Check the appropriate response for evidence of Private Road Access and maintenance problems.

Provide a description of yes responses on Page 4:

- a. Property inaccessible by foot or vehicle
() yes () no
- b. Property accessible only by a private road or drive*
() yes () no
- c. Property is not provided with an all-weather surface (gravel is acceptable).
() yes () no

*In all cases where a private road exists, submit evidence that _____

(name of road)

is protected by a permanent recorded easement (non-exclusive, non-revocable roadway, driveway easement without trespass from the property to a public street/road) and that there is an acceptable maintenance agreement recorded on the property.

Provide a detailed description of the road's condition:

VC-7 STRUCTURAL CONDITIONS

Check the appropriate response for evidence of structural condition problems.

Provide a description of yes responses on Page 4:

Floor Support Systems

- a. Significant cracks
() yes () no
- b. Evidence of water/leakage or damage
() yes () no
- c. Rodent Infestation
() yes () no

Framing/Walls/Ceiling

- d. Significant cracks
() yes () no
- e. Visible holes in exposed areas that could effect structure
() yes () no
- f. Significant water damage
() yes () no

Attic

- g. Evidence of holes
() yes () no
- h. Support structure not intact or damaged
() yes () no
- i. Significant water damage visible from interior
() yes () no
- j. No ventilation by vent, fan or window
() yes () no

VC-8 FOUNDATION

(Appraiser must have full access to these areas)
Check the appropriate response for evidence of foundation/basement or crawl space problems.

Provide a description of yes responses on Page 4:

Foundation/Basement

- a. Inadequate access
() yes () no
- b. Evidence of significant water damage
() yes () no

- c. Significant cracks or erosion in exposed areas that could effect structural soundness
() yes () no

Crawl Space

- d. Inadequate Access
() yes () no
- e. Space inadequate for maintenance and repair (<18 inches)
() yes () no
- f. Support beams not intact
() yes () no
- g. Excessive dampness or ponding of water
() yes () no

VC-9 ROOFING

Check the appropriate response for evidence of all roofing problems

Provide a description of yes responses on Page 4:

- a. Does not cover entire house
() yes () no
- b. Evidence of deterioration of roofing materials
() yes () no
- c. Roof life less than two years*
() yes () no
- d. Holes
() yes () no
- e. Signs of leakage observable from ground (i.e., missing tiles)
() yes () no
- f. Flat Roof**
() yes () no

*HUD/FHA requires that the roof have at least 2 years remaining life. If the roof has less than 2 years remaining life, then the appraiser must call for re-roofing or repair. The condition must clearly state whether the subject is to be repaired or re-roofed. FHA will accept a maximum of 3 layers of existing roofing. If more than 2 layers exist and repair is necessary, then all old roofing must be removed as part of the re-roofing.

**All flat roofs require inspection.

VC-10 MECHANICAL SYSTEMS

(All utilities must be turned on at time of appraisal, if possible)

Check the appropriate response for evidence of mechanical system problems.

Provide a description of yes responses on Page 4:

Furnace/Heating System

- a. Unit does not turn 'On'
() yes () no
- b. Warm air is not emitted
() yes () no
- c. Unusual or irregular noises are heard
() yes () no
- d. Smoke or irregular smell is emitted
() yes () no
- e. Unit shuts down prior to reaching desired temperature
() yes () no
- f. Significant holes or deterioration on the unit(s)
() yes () no

Air Conditioning (central)

- g. Unit does not turn 'On'
() yes () no
- h. Cold air is not emitted
() yes () no
- i. Irregular noises are heard

() yes () no

- j. Smoke or irregular smell is emitted
() yes () no
- k. Unit shuts down prior to reaching desired temperature
() yes () no
- l. Significant holes or deterioration on the unit(s)
() yes () no

Electrical System

- m. Electrical switches do not turn ‘on’ or ‘off’
(check representative sample)
() yes () no
- n. Outlets do not function (check representative sample)
() yes () no
- o. Presence of sparks or smoke from outlet(s)
() yes no
- p. Exposed wiring visible in living areas
() yes () no
- q. Frayed wiring
() yes () no

Plumbing System

Toilet

- r. Toilets do not function
() yes () no
- s. Presence of leak(s)
() yes () no

Leaks

- t. Structural damage under fixtures
() yes () no
- u. Puddles present
() yes () no

Sewer System

- v. Observable surface evidence of malfunction
() yes () no

Sinks

- w. Basin or pipes leak
() yes () no
- x. Water does not run
() yes () no

Water

- y. Significant drop or limitation in pressure
() yes () no
- z. No hot water
() yes () no

VC-11 OTHER HEALTH AND SAFETY DEFICIENCIES

Check the appropriate response for evidence of health and safety deficiencies.

Provide a description of yes responses on Page 4:

- a. Multiple Broken windows
() yes () no
- b. Broken or missing exterior stairs
() yes () no
- c. Broken or missing exterior doors
() yes () no
- d. Inadequate/blocked entrances or exits
() yes () no
- e. Steps without handrails
() yes () no
- f. The mechanical garage door does not reverse or stop when meeting reasonable resistance during closing
() yes () no
- g. Please identify location of all health and/or safety deficiencies, and note others not included in this or any other VC on the comment page

VC-12 LEAD BASED PAINT HAZARD

For any home built prior to 1978, check for evidence of defective paint surfaces, including: peeling, scaling or chipping paint.

Provide a description of yes responses on Page 4:

- a. Evidence on interior
() yes () no
- b. Evidence on exterior
() yes () no
- Year built _____

If the home was built before 1978, this may indicate a lead paint hazard. For all FHA insured properties, the seller is required to correct all defective paint in or on dwelling units built before January 1, 1978 in accordance with 24 CFR Part 35.

VC-13 CONDOMINIUMS AND PLANNED UNIT DEVELOPMENTS (PUD)

Provide a description of yes responses on Page 4:

- a. This project is not on FHA’s approval list
() yes () no
- The property does not meet owner-occupancy standards
() yes () no
- This property does not meet completion standards
() yes () no

ADDENDA

A. Provide the current full/market assessed value:

\$ _____

B. Provide a summary of estimated repair costs:

\$ _____

Please attach any additional information/reports and give number of attached pages.

Public reporting burden for the collection of information is estimated to average 30 minutes to complete the Comprehensive Valuation Package. This includes the time for reviewing the associated Handbook and reporting the data. This does not include the requisite market research or the appraisal process. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Privacy Act Notice: This information is required for the U.S. Department of Housing and Urban Development to endorse a single family mortgage and is used for underwriting purposes. The collection of this information is necessary to comply with HUD’s Home Buyer Protection Plan. The information may be made available to a federal agency for review. This information is not confidential and will be made available to the public.

